GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1142
ANSWERED ON:23.11.2001
DEBT RELIEF
TRILOCHAN KANUNGO

Will the Minister of FINANCE be pleased to state:

(a) the amount of debt relief benefited by each of the States during 2000-2001 as a result of the performance oriented debt relief recommended by the Eleventh Finance Commission;

(b) whether such a recommendation has any way helped the States chronically affected by high incidence of debt;

(c) if so, whether any in depth study has been conducted by the Government;

(d) if not, the reason for the same;

(e) the further step taken by the Government in this regard; and

(f) the debt burden of each of the States during each of last three years ending 2000-2001, capital repayment (both of Central Government loan and other loans) and interest payment as the proportion of State`s own Revenue, State`s total Revenue and State`s GDP, State-wise and year-wise?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) Guidelines on General Debt Relief based on Eleventh Finance Commission`srecommendations to work out the debt-relief to States, have been circulated to State Accountants General and State Governments. As the Scheme operates with a time lag based on actual accounts, States have not yet been given any relief on the basis of Eleventh Finance Commission`s recommendations.

(b) to (e) Debt relief to States is recommended by successive Finance Commissions aftera holistic examination of the States` and the Center`s finances. The Eleventh FinanceCommission has made its recommendations on debt relief to the States for the period from 2000-01 to 2004-05. The recommendations of the Eleventh Finance Commission have since been accepted by the Government. Further recommendations of the Eleventh Finance Commissionare aimed at fiscal reforms of the States. These reforms, if carried out, will result in debt reaching sustainable level by 2004-05.

(f) As per statement I, II & III.